

**THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:

BFE SYSTEMS, INC.

DEBTOR

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**CASE NO. 02-46119-R
CHAPTER 7**

**TRUSTEE'S
FINAL REPORT AND PROPOSED DISTRIBUTION**

LINDA S. PAYNE, trustee of the estate of the above-named Debtor(s), certifies under penalty of perjury, to the Court and the United States Trustee, that the trustee has faithfully and properly fulfilled the duties of her office and that the trustee has examined all proofs of claims as appropriate under the proposed distribution, and that the proposed distribution, attached hereto, is proper, and consistent with the law and rules of court. The Trustee applies for the commissions and expenses set forth herein and states that they are reasonable and proper.

I hereby authorize the Office of the United States Trustee to file by electronic means this Trustee's Final Report, Application for Compensation and Report of Proposed Distribution on my behalf, and I agree and acknowledge that the designation of my signature on this document once filed, constitutes my valid signature for the purposes of 11 U.S.C. § 704(9) and Fed.R.Bankr.Pro.9011.

Therefore, the Trustee requests that the Final Report, Application for Compensation and Report of Proposed Distribution be approved.

Date: March 31, 2004

/s/ Linda Payne
Linda Payne, Trustee

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:

BFE SYSTEMS, INC.

DEBTOR

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**CASE NO. 02-46119-R
CHAPTER 7**

**TRUSTEE'S FINAL REPORT AND APPLICATION TO CLOSE CASE AND
DISCHARGE TRUSTEE**

The Trustee of the estate presents the following final report:

1. The Trustee applies for commissions and expenses set forth in Schedule A and states: That they are reasonable and proper; that in the course of the performance of duties, the Trustee has advanced moneys from personal funds for expenses, and the Trustee has not been reimbursed.
2. The Trustee submits Form I as a summary of the assets and an estate property record. Any property scheduled under 11 U.S.C. Sec. 521(1) and not administered shall be deemed abandoned pursuant to 11 U.S.C. Sec. 554 (c).
3. The Trustee has reduced all assets of this estate to cash or otherwise lawfully disposed of them and the estate is ready to be closed.
4. The Trustee submits Form II as the account of estate cash receipts and disbursements.
5. There is no agreement or understanding between the Trustee and any other person for a division of the compensation sought by this application except as permitted by the Bankruptcy Code.
6. The Trustee requests approval of this final report.
7. The trustee has examined each and every claim filed and noted her approval of claims as filed, or she has filed objections to allowance or requests for reclassification.
8. The Trustee further requests that after final distribution of all moneys in accordance with the Trustee's Report of Final Distribution, and upon filing of a Supplemental Final Report and Account and certification by the U. S. Trustee the trustee be discharged from office and that the case be closed.

I declare under penalty of perjury that this Report and attached Schedules are true and correct to the best of my knowledge and belief.

Dated: March 31, 2004

/s/ Linda Payne
Linda Payne, Trustee

SCHEDULE A-1

FINAL ACCOUNT AS OF: 03/30/04

A: Receipts \$24,075.14

B. Disbursements

1. Secured Creditors-----\$

2. Administrative-----1,378.10

3. Priority-----

4. Other-----

Total disbursements----- \$1,378.10

C. Current Balance \$22,697.04

Form 1

Page: 1

Individual Estate Property Record and Report

Asset Cases

Case Number: 02-46119 DRS
Case Name: BFE SYSTEMS, INC.
DBA BFE SYSTEMS INC
Period Ending: 03/31/04

Trustee: (631540) LINDA S. PAYNE
Filed (f) or Converted (c): 11/25/02 (f)
\$341(a) Meeting Date: 01/13/03
Claims Bar Date: 04/24/03

Ref. #	1 Asset Description (Scheduled And Unscheduled (u) Property)	2 Petition/ Unscheduled Values	3 Estimated Net Value (Value Determined By Trustee, Less Liens, Exemptions, and Other Costs)	4 Property Abandoned OA=\$554(a) abandon. DA=\$554(c) abandon.	5 Sale/Funds Received by the Estate	6 Asset Fully Administered (FA) Gross Value of Remaining Assets
1	5533 Blagg Road IRS is owed \$176,000. Checked with realtor. Cannot get over that amount. Filed Abandonment	200,000.00	0.00	OA	0.00	FA
2	Condo in Frisco Colorado Debtor owns 1/8th interest. Will sell Sent letters to other owners giving until 3/10/03 to bid for my interest. Will notice highest bidder. <input type="checkbox"/>	Unknown	20,000.00		20,000.00	FA
3	Checking account Used for every day living	200.00	200.00	DA	0.00	FA
4	91 Ford Pickup, 92 GMC Safari & 84 Motor Home Hire Flusche and proceed	10,000.00	10,000.00		3,375.00	FA
5	Office equipment Hire Flusche and proceed	1,260.00	1,260.00		656.00	FA
6	Tractor Not worth picking up and moving - abandon.	100.00	100.00		0.00	FA
7	Royalty income (u) Not listed, but debtor disclosed it at 341 meeting. Will send information. Belong to debtor individually, not corporation.	0.00	2,000.00	DA	0.00	FA
Int	INTEREST (u)	Unknown	N/A		44.14	Unknown

8 Assets Totals (Excluding unknown values) \$211,560.00 \$33,560.00 \$24,075.14 \$0.00

Form 1

Page: 2

Individual Estate Property Record and Report

Asset Cases

Case Number: 02-46119 DRS
Case Name: BFE SYSTEMS, INC.
DBA BFE SYSTEMS INC
Period Ending: 03/31/04

Trustee: (631540) LINDA S. PAYNE
Filed (f) or Converted (c): 11/25/02 (f)
\$341(a) Meeting Date: 01/13/03
Claims Bar Date: 04/24/03

1	2	3	4	5	6
Asset Description (Scheduled And Unscheduled (u) Property)	Petition/ Unscheduled Values	Estimated Net Value (Value Determined By Trustee, Less Liens, Exemptions, and Other Costs)	Property Abandoned OA-\$554(a) abandon. DA-\$554(c) abandon.	Sale/Funds Received by the Estate	Asset Fully Administered (FA)/ Gross Value of Remaining Assets
Ref. #					

Major Activities Affecting Case Closing:

Ready to close
No objections to claims.

Initial Projected Date Of Final Report (TFR): December 1, 2004

Current Projected Date Of Final Report (TFR): December 1, 2004

Form 2

Page: 1

Cash Receipts And Disbursements Record

Case Number: 02-46119 DRS
Case Name: BFE SYSTEMS, INC.
DBA BFE SYSTEMS INC
Taxpayer ID #: 75-1923871
Period Ending: 03/31/04

Trustee: LINDA S. PAYNE (631540)
Bank Name: JPMORGAN CHASE BANK
Account: 312-9235336-65 - Money Market Account
Blanket Bond: \$300,000.00 (per case limit)
Separate Bond: N/A

1 Trans. Date	2 {Ref #} / Check #	3 Paid To / Received From	4 Description of Transaction	T-Code	5 Receipts \$	6 Disbursements \$	7 Money Market Account Balance
05/28/03	{2}	Tom Hair	Ct Approved sale of debtor's interest in Colorado Condo	1129-000	20,000.00		20,000.00
05/30/03	Int	JPMORGAN CHASE BANK	Interest posting at 0.4000%	1270-000	0.43		20,000.43
06/30/03	Int	JPMORGAN CHASE BANK	Interest posting at 0.3000%	1270-000	5.53		20,005.96
07/14/03	{4}	Flusche Auction Company	Proceeds from court approved auction		4,031.00		24,036.96
	{5}		3,375.00	1129-000			24,036.96
07/31/03	Int	JPMORGAN CHASE BANK	Interest posting at 0.3000%	1270-000			24,036.96
08/29/03	Int	JPMORGAN CHASE BANK	Interest posting at 0.2500%	1270-000	5.63		24,042.59
09/03/03	1001	Flusche Auction Company	Court approved Fees	3610-000	5.11		24,047.70
09/03/03	1002	Flusche Auction Company	Court approved auctioneer expenses	3620-000		403.10	23,644.60
09/30/03	Int	JPMORGAN CHASE BANK	Interest posting at 0.2500%	1270-000	4.72	975.00	22,669.60
10/31/03	Int	JPMORGAN CHASE BANK	Interest posting at 0.2000%	1270-000	4.35		22,674.32
11/28/03	Int	JPMORGAN CHASE BANK	Interest posting at 0.2000%	1270-000	3.73		22,678.67
12/31/03	Int	JPMORGAN CHASE BANK	Interest posting at 0.2000%	1270-000	3.85		22,682.40
01/30/04	Int	JPMORGAN CHASE BANK	Interest posting at 0.2000%	1270-000	3.84		22,686.25
02/27/04	Int	JPMORGAN CHASE BANK	Interest posting at 0.2000%	1270-000	3.60		22,690.09
03/30/04	Int	JPMORGAN CHASE BANK	Current Interest Rate is 0.1500%	1270-000	3.35		22,693.69
03/30/04	To Account #312923533666		Final Report	9999-000		22,697.04	22,697.04

ACCOUNT TOTALS

Less: Bank Transfers

Subtotal

Less: Payments to Debtors

NET Receipts / Disbursements

24,075.14	24,075.14	\$0.00
0.00	22,697.04	
24,075.14	1,378.10	
	0.00	
24,075.14	1,378.10	

Form 2

Page: 2

Cash Receipts And Disbursements Record

Case Number: 02-46119 DRS
Case Name: BFE SYSTEMS, INC.
DBA BFE SYSTEMS INC
Taxpayer ID #: 75-1923871
Period Ending: 03/31/04

Trustee: LINDA S. PAYNE (631540)
Bank Name: JPMORGAN CHASE BANK
Account: 312-9235336-66 - Checking Account
Blanket Bond: \$300,000.00 (per case limit)
Separate Bond: N/A

1 Trans. Date	2 {Ref #} / Check #	3 Paid To / Received From	4 Description of Transaction	5 T-Code	6 Receipts \$	7 Disbursements \$	8 Checking Account Balance
03/30/04		From Account #312923533665	Final Report	9999-000	22,697.04		22,697.04

ACCOUNT TOTALS					22,697.04	0.00	\$22,697.04
Less: Bank Transfers					22,697.04	0.00	
Subtotal					0.00	0.00	
Less: Payments to Debtors						0.00	
NET Receipts / Disbursements					\$0.00	\$0.00	

TOTAL - ALL ACCOUNTS					Net Receipts	Net Disbursements	Account Balances
MMA # 312-9235336-65					24,075.14	1,378.10	0.00
Checking # 312-9235336-66					0.00	0.00	22,697.04
					\$24,075.14	\$1,378.10	\$22,697.04

SCHEDULE B
APPLICATION FOR COMPENSATION

TRUSTEE COMPENSATION:

Total Receipts	\$24,075.14	25% of First \$5,000.00	\$ 1,250.00
Balance	\$19,075.14	10% of Next \$45,000.00	\$ 1,907.51
Balance	\$ _____	5% of Next \$950,000.00	
Balance	\$ _____	3% of Remaining Balance	\$
TOTAL COMMISSIONS			\$ 3,157.51

UNREIMBURSED EXPENSES: (See attached breakdown)

Recording Fees-----	
Premium on bond-----	
Travel-----	68.25
Clerical & Stenographic-----	245.00
Copies-----	96.50
Postage-----	50.76
Certified Mail (1)-----	
Court Certification-----	
Federal Express-----	

TOTAL UNREIMBURSED EXPENSES-\$460.51

RECORDS:

Trustee did not take possession of business or
personal records of the debtor.

____X____

Trustee did take possession of business or
personal records of the debtor.

Notice given to debtor on
to pick up business or personal records in
hands of trustee. If not picked up within
30 days such records or work files may be
destroyed.

Exhibit "A"
Expenses of BFE Systems, Inc.

Travel:

Gainesville - Attend Auction - 195 miles

195 miles @ \$0.35 a mile = 68.25

<u>Secretarial, Copies & Postage:</u>	<u>Copies</u>	<u>Postage</u>
Application to Employ Auctioneer (#10 on docket) 0.20	25	0.92
Trustee's Notice of Abandonment (#11 on docket) 2.10	42	13.94
Motion to Sell Property (Partnership) (# 12 on docket) 2.40	61	**
** Mailed with Abandonment		
Motion to Sell Property (Personal) (#18 on docket) 2.30	66	15.42
Trustee's Report of Sale (#24 on docket) 1.50	86	15.42
Application for Compensation of Auctioneer (#25 on docket) 1.75	81	**
** Mailed with Report of Sale		
Final Report (E filed) 1.00	20	
Supplemental Final Report (E filed) 1.00	5	1.11

Mail Checks and Statements to UST

3.95

Totals:

Travel = 195 Miles @ 0.35 per mile-----	68.25
Secretarial =12.25hrs @ \$20.00 per hour -----	245.00
Copies = 386 @ \$0.25 each-----	96.50
Postage-----	50.76

TOTAL: \$460.51

**SCHEDULE C
EXPENSES OF ADMINISTRATION**

	AMOUNT CLAIMED	AMOUNT PAID	AMOUNT DUE
1. 11 U.S.C. Sec 507(a)(1)			
<u>Court Cost and Fees</u>			
A. Notice & Claim Fees \$			
B. Adv. filing fees			
C. Quarterly Chapt 11			
2. 11 U.S.C. Sec 503(b)(1)(a)			
<u>Preservation of estate</u>			
A. Transportation			
B. Storage			
C. Wages			
D. Estates share FICA			
E. Insurance			
F. Other (itemize)			
3. 11 U.S.C. Sec.503(b)(2)			
<u>Post-Petition Taxes</u>			
<u>and related penalties</u>			
4. 11 U.S.C. Sec.503(b)(2)			
<u>Compensation and</u>			
<u>Reimbursement</u>			
A. Trustee Fees	3,157.51	0	3,157.51
B. Trustee Expenses	460.51	0	460.51
C. Attorney to Trustee			
D. Expenses for Attorney			
To Trustee			
E. Attorney for Debtor			
F. Auctioneer Fees			
(#26 on docket)	403.10	403.10	
Auctioneer Expenses			
(#26 on docket)	975.00	975.00	
5. Other (Itemize)			
 TOTAL-----	 4,996.12	 1,378.10	 3,618.02

SCHEDULE D

SECURED CLAIMS

Claim #	Claimant	Amount Claimed	Amount Not Determined	Amount Allowed	Previously Paid	Amount Due
Totals		\$ 0				

SCHEDULE E

PRIORITY CLAIMS OTHER THAN ADMINISTRATIVE EXPENSES IN THE FOLLOWING ORDER OF PRIORITY

	(1) Claim No.	(2) Amt. Claimed	(3) Amt. Allowed	(4) Amt. Paid	(5) Amt. Due
1. For Credit Extended §364(e)(1)					
2. Claims from failure of adequate protection §307 (a)(b)					
3. "Gap Claims" §507 (a)(2)					
4. Wages, etc. §507 (a)(3)					
5. Contributions to benefit plans §507 (a)(4)					
6. Engaged in raising of grain or fisherman §507 (a)(5)					
7. Consumer deposits §507 (a)(6)					
8. Alimony or child support §507 (a)(7)					
9. Taxes §507 (a)(8)					
Denton County	1	11.41	ALL	0	ALL
Denton ISD	10	62.69	ALL	0	ALL
IRS	11	180,043.49	ALL	0	All

TOTAL ALLOWED PRIORITY CLAIMS: \$180,177.59

TIMELY FILED ALLOWED UNSECURED CLAIMS TOTAL: \$46,607.96

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:

BFE SYSTEMS, INC.

DEBTOR

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**CASE # 02-46119-R
CHAPTER 7**

TRUSTEE'S REPORT OF PROPOSED FINAL DISTRIBUTIONS

The undersigned Trustee of the estate hereby submits to the Court and to the United States Trustee this Report of Proposed Final Distributions.

1. The Court has entered orders which have become final, and which dispose of all objections to claims, all objections to the Trustee's Final Report, all applications for compensation and all other matters which must be determined by the Court before final distribution can be made.
2. The trustee proposes to make final distribution of the funds of the estate as follows, and will make such distribution unless written objection hereto is made, filed and served on the Trustee and on the United States Trustee.

1. BALANCE ON HAND		\$22,697.04
2. ADMINISTRATIVE EXPENSES TO BE PAID	\$ 3,618.02	
3. SECURED CLAIMS TO BE PAID	\$0	
4. PRIORITY CLAIMS TO BE PAID	\$ 19,079.02	
5. UNSECURED CLAIMS TO BE PAID	\$0	
6. OTHER DISTRIBUTIONS TO BE PAID	\$0	
(Surplus to Debtor)		
7. TOTAL DISTRIBUTIONS TO BE MADE		\$22,697.04
8. ZERO BALANCE AFTER ALL DISTRIBUTIONS	\$ 0	

Dated: March 31, 2004

/s/ Linda S. Payne
Linda S. Payne, Trustee

Claims Distribution Register

Case: 02-46119 BFE SYSTEMS, INC.

Claim #	Date	Pri	Claimant / Proof / <Category> / Memo	Amount Filed	Amount Allowed	Paid to Date	Claim Balance	Proposed Payment
Admin Ch. 7 Claims:								
	11/25/02	200	LINDA S. PAYNE 100 NORTH MAIN ST. PARIS, TX 75460 <2100-00 Trustee Compensation>	3,157.51	3,157.51	0.00	3,157.51	3,157.51
	11/25/02	200	LINDA S. PAYNE 100 NORTH MAIN ST. PARIS, TX 75460 <2200-00 Trustee Expenses>	460.51	460.51	0.00	460.51	460.51
	11/25/02	200	Flusche Auction Company P.O. Box 417 MUENSTER, TX 76252 <3610-00 Auctioneer for Trustee Fees (including buyers premiums)>	403.10	403.10	403.10	0.00	0.00
	11/25/02	200	Flusche Auction Company P.O. Box 417 MUENSTER, TX 76252 <3620-00 Auctioneer for Trustee Expenses>	975.00	975.00	975.00	0.00	0.00
Total for Priority 200: 100% Paid				\$4,996.12	\$4,996.12	\$1,378.10	\$3,618.02	\$3,618.02
Total for Admin Ch. 7 Claims:				\$4,996.12	\$4,996.12	\$1,378.10	\$3,618.02	\$3,618.02
Priority Claims:								
1	01/09/03	570	Denton County c/o Michael Reed P O Box 26990 Austin, TX 78755 <5800-00 Claims of Governmental Units--§ 507(a)(8)> Secured Description: property taxes	11.41	11.41	0.00	11.41	1.21
10	04/08/03	570	Denton ISD Sawko & Burroughs, L.L.P. 1100 Dallas Dr., Suite100 Denton, Tx 76205 <5800-00 Claims of Governmental Units--§ 507(a)(8)> Priority	62.69	62.69	0.00	62.69	6.64
11	11/25/02	570	INTERNAL REVENUE SERVICE 1100 COMMERCE STREET, RM 9A20 STOP 5026 DAL DALLAS, TX 75242 <5800-00 Claims of Governmental Units--§ 507(a)(8)>	180,043.49	180,043.49	0.00	180,043.49	19,071.17
Total for Priority 570: 10.59254% Paid				\$180,117.59	\$180,117.59	\$0.00	\$180,117.59	\$19,079.02
Total for Priority Claims:				\$180,117.59	\$180,117.59	\$0.00	\$180,117.59	\$19,079.02

Claims Distribution Register

Case: 02-46119 BFE SYSTEMS, INC.

Claim #	Date	Pri	Claimant / Proof / <Category> / Memo	Amount Filed	Amount Allowed	Paid to Date	Claim Balance	Proposed Payment
Unsecured Claims:								
2	02/13/03	610	American Express Centurion Bank c/o Becket & Lee, LLP P.O. Box 3001 Malvern, PA 19355-0701 <7100-00 General Unsecured § 726(a)(2)> Unsecured	8,436.40	8,436.40	0.00	8,436.40	0.00
3	02/24/03	610	Pitney Bowes Credit Corporation Attn: Recovery Dept. 27 Waterview Dr. Shelton, CT 06484-5361 <7100-00 General Unsecured § 726(a)(2)> Unsecured	1,405.95	1,405.95	0.00	1,405.95	0.00
4	02/10/03	610	Bank One PO Box 8726 Dayton, OH 45401 <7100-00 General Unsecured § 726(a)(2)> Unsecured	11,402.71	11,402.71	0.00	11,402.71	0.00
5	03/14/03	610	American Express Business Finance Corp. c/o Becket & Lee, LLP P.O. Box 3001 Malvern, PA 19355-0701 <7100-00 General Unsecured § 726(a)(2)> Unsecured	4,831.68	4,831.68	0.00	4,831.68	0.00
6	03/17/03	610	American Express Centurion Bank c/o Becket & Lee, LLP P.O. Box 3001 Malvern, PA 19355-0701 <7100-00 General Unsecured § 726(a)(2)> Unsecured	7,051.49	7,051.49	0.00	7,051.49	0.00
7	03/20/03	610	Lightyear 1901 Eastpoint Parkway Louisville, KY 40223 <7100-00 General Unsecured § 726(a)(2)> Unsecured	2,221.50	2,221.50	0.00	2,221.50	0.00
8	04/10/03	610	Verizon Southwest Inc. AFNI/Verizon 404 Brock Drive Bloomington, IL 61701 <7100-00 General Unsecured § 726(a)(2)> Unsecured	10,012.89	10,012.89	0.00	10,012.89	0.00
9	04/23/03	610	Arter & Hadden P. O. Box 75906 Cleveland, OH 44101 <7100-00 General Unsecured § 726(a)(2)> Unsecured	1,145.34	1,145.34	0.00	1,145.34	0.00
Total for Priority 610: 0% Paid				\$46,507.96	\$46,507.96	\$0.00	\$46,507.96	\$0.00

Printed: 03/31/04 04:29 PM

Claims Distribution Register

Page: 3

Case: 02-46119 BFE SYSTEMS, INC.

/ Memo

Total for Unsecured Claims:	\$46,507.96	\$46,507.96	\$0.00	\$46,507.96	\$0.00
Total for Case :	\$231,621.67	\$231,621.67	\$1,378.10	\$230,243.57	\$22,697.04